



BellSouth Telecommunications, Inc. 615 214-6301  
Suite 2101 Fax 615 214-7406  
333 Commerce Street  
Nashville, Tennessee 37201-3300

REC'D TN  
REGULATORY AUTH.

Guy M. Hicks  
General Counsel

'99 JUN 2 PM 4 22  
June 2, 1999

OFFICE OF THE  
EXECUTIVE SECRETARY

VIA HAND DELIVERY

David Waddell, Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37238

Re: *Tariff to Offer Contract Service Arrangement TN98-6726-00*  
Docket No. 99-00230

Dear Mr. Waddell:

Enclosed are the original and thirteen copies of BellSouth Telecommunications, Inc.'s Opposition to "Amended" and "Supplemental" Petitions to Intervene. Copies of the enclosed are being provided to counsel of record for all parties.

Very truly yours,

Guy M. Hicks

GMH:ch  
Enclosure

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**  
**Nashville, Tennessee**

**In Re:**           *Tariff to Offer Contract Service Arrangement TN98-6726-00*

**Docket No. 99-00230**

**BELLSOUTH TELECOMMUNICATIONS, INC.'S**  
**OPPOSITION TO "AMENDED" AND "SUPPLEMENTAL"**  
**PETITIONS TO INTERVENE**

**I. INTRODUCTION**

NEXTLINK Tennessee, Inc. ("NEXTLINK") and the Southeastern Competitive Carriers Association ("SECCA")<sup>1</sup> (collectively "Petitioners") have filed new pleadings in a last-ditch effort to delay approval of this Contract Service Arrangement ("CSA"). Despite being given ample opportunity to explain the basis for their challenge to this particular CSA, Petitioners have failed to do so. SECCA and NEXTLINK's Supplement to Petitions to Intervene alleges facts that have nothing to do with the CSA at issue. The Authority should not hold up approval of a CSA, and thereby deny the customer the benefit of lower prices, based solely upon such unsubstantiated and irrelevant allegations.

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<sup>1</sup> The regulatory game in which Petitioners are engaged is graphically illustrated by Time Warner's decision to withdraw its request to intervene in this docket so as not "strain relations" with the CSA customer who also happens to be a customer of Time Warner. Apparently, Time Warner is willing to overlook any concerns about BellSouth's CSAs in the name on preserving customer relations, which suggests that such concerns are more a matter of regulatory convenience than competitive necessity. Furthermore, Time Warner's decision to withdraw its request for intervention in this docket in order to save face with the customer is disingenuous, given that Time Warner is also a member of SECCA, which continues to pursue intervention in this docket.

## **II. DISCUSSION**

### **NEXTLINK AND SECCA'S "SUPPLEMENTAL PETITION TO INTERVENE" SHOULD BE DENIED BECAUSE THE FACTS ALLEGED ARE IRRELEVANT TO THE PARTICULAR CSA AT ISSUE.**

In an attempt to distract the Authority's attention from the CSA at issue, NEXTLINK and SECCA complain about a marketing initiative implemented by BellSouth in 1996 called the "Premier Customer Program." Supplemental Petition at 1-2. Relying upon documents produced by BellSouth in Docket 98-00559, NEXTLINK and SECCA request that the Authority convene a contested case to consider this CSA because, according to Petitioners, the Premier Customer Program was intended "to lock-up \$1 billion in local service revenue, half of the entire BellSouth local market, before local competition could get a foothold." Supplemental Petition at 2.

BellSouth's Premier Customer Program has absolutely nothing to do with the CSA at issue in this case, and neither NEXTLINK nor SECCA seriously contends otherwise. For example, notably absent from NEXTLINK and SECCA's Supplemental Petition is any allegation that this CSA was entered into as part of the Premier Customer Program about which they so vociferously complain. This is not surprising given that the Premier Customer Program ended in 1997. *See* Document 000385, January 29, 1997 Letter from Joe A. Butler, Jr., (proposing participation in Premier Customer Program, noting that "the plan was effective through December 31, 1997<sup>2</sup> and was extended to January 31, 1997. There are no plans to extend this offer past January 31, 1997.") (copy attached as Exhibit 2). Thus, NEXTLINK and SECCA are attempting to challenge a CSA based upon a program that ended two years before the CSA was even entered into.

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<sup>2</sup> The reference to December 31, 1997 is a typographical error and should read "December 31, 1996."

NEXTLINK and SECCA attempt to bridge this obvious gap by claiming that the CSA at issue is “of the type described in BellSouth's Premier Customer Program ....” However, other than being a volume and term CSA, that is where the similarities end. For example, NEXTLINK and SECCA complain that the volume and term contracts offered under BellSouth’s Premier Customer Program gave customers “‘non-price incentives,’ such as higher service levels, ‘priority response’ to business issues, and favored treatment regarding the offering of new products ....” Supplemental Petition at 2 (citations omitted). Even assuming such provisions are “unjust, unreasonable, discriminatory, and anticompetitive,” (which BellSouth adamantly denies), the CSA at issue here does not contain any of the non-price incentives to which Petitioners object.

Furthermore, even though the Premier Customer Program has nothing to do with the CSA at issue and regardless of BellSouth’s “intent” in implementing the program, NEXTLINK and SECCA conveniently ignore that BellSouth has never come close to having 50 percent of its business revenues under a volume and term contract, either in 1996 or any other year. Supplemental Petition at 1. This is clear from BellSouth’s discovery responses in Docket 98-00559, which reflect the following:

<u>Year</u>	<u>Business Revenue</u>	<u>CSA Revenue</u>	<u>CSA % of Total Business</u>
1995	\$487,753,000	\$ 5,992,000	1.23
1996	\$543,911,000	\$13,667,000	2.51
1997	\$590,471,000	\$59,416,000	10.06
1998 YTD	\$489,068,000	\$50,958,000	10.42

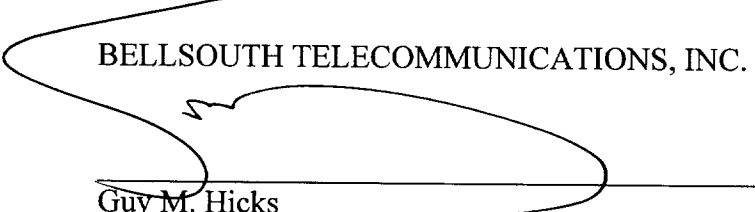
BellSouth’s Response to Consumer Advocate Division First Data Requests, Item No. 13 (filed October 14, 1998). Thus, the amount of revenue represented by BellSouth's CSAs at the end of

1996 accounted for far less than 3 percent of BellSouth's total business revenues, and even today is substantially less than the 50 percent figure referenced by NEXTLINK and SECCA.<sup>3</sup>

Notwithstanding their desire to divert attention from the CSA under consideration to a long-since expired marketing initiative that has nothing with the CSA at issue, neither NEXTLINK nor SECCA has alleged any relevant facts underlying their challenge to this particular CSA. Accordingly, NEXTLINK and SECCA's Supplemental Petition to Intervene should be denied.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.



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<sup>3</sup> The 1998 data referenced above were as of October 14, 1998, the date BellSouth responded to the Consumer Advocate Division's discovery requests in Docket 98-00559. The end-of-year 1998 data were \$734,117,000 in total business revenues with \$75,251,884 (or 10.25%) in CSA revenue. Given that approximately 90% of BellSouth's business revenues and 100% of its residential revenues are not subject to a CSA, BellSouth can hardly be said to have "locked-up" the market by encouraging certain customers to enter into volume and term contracts.



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Guy M. Hicks  
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May 4, 1999

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Boult, Cummings, et al.  
414 Union Ave., #1600  
P. O. Box 198062  
Nashville, TN 39219-8062

Charles B. Welch, Esquire  
Farris, Mathews, et al.  
511 Union St., #2400  
Nashville, TN 37219

Re: *CSA TN98-2766-00*  
Docket No. 99-00210

*CSA TN98-6726-00*  
Docket No. 99-00230

*CSA KY98-4958-00*  
Docket No. 99-00244

Gentlemen:

Consistent with our agreement this morning, I am enclosing a draft Protective Agreement for your review. The three CSA filing packages, including the proprietary information you have requested to review, will be made available for your inspection immediately upon your execution of the Protective Agreement.

Please let me know if you have any questions or comments with regard to the draft Agreement. Otherwise, please sign and fax the signature pages to me at 214-7406.

Very truly yours,



Guy M. Hicks

GMH:ch  
cc: David Waddell (by fax)

Exhibit 1



BellSouth Business Systems, Inc.  
333 Commerce Street  
Nashville, TN 37201-3300

January 29, 1997

Dear [REDACTED]

Our customers have told us they are looking for a telecommunications service provider that offers reliable services that are competitively priced, easy to do business with and allows one-stop shopping. BellSouth is changing to meet these needs!

The Premier Customer Program is one plan BellSouth developed to show [REDACTED] our valued customer, how we are evolving to become your strategic partner. The features of the Premier customer Program include:

- ♦ Enhanced Business Relationship
- ♦ Rewards for Loyal Customers
  - Savings on many services
- ♦ Incentives to Buy Additional Services
  - the more you buy, the larger the savings
- ♦ Continued Account Team support
  - Highly trained technical assistance and expertise
- ♦ One-stop shopping
  - A full range of voice and data services
- ♦ Risk Avoidance
  - Stability and continuity in a rapidly changing market

[REDACTED] and its associated Stores are very important customers. During 1996, BellSouth provided services in our nine state region to you which resulted in over \$ 600,000 in annual billing. This represents an increase of approximately 30 % over 1995.

With your acceptance by January 31, 1997, [REDACTED] can begin to realize the numerous benefits of the Premier Customer Program. I will fax and mail copies of a two (2) year offer at a 4% discount on discount eligible services and a three (3) year offer at a 5.5% discount on discount eligible services.

000385

Exhibit 2



Please note that this offer also includes a trial of BellSouth's Voice Conferencing Services with 500 free minutes under the 3 year plan and 250 free minutes of use under the 2 year plan. I will provide more information to Raymond Maulino on this Service.

Again, I apologize for the short notice, but the plan was effective through December 31, 1997 and was extended to January 31, 1997. There are no plans to extend this offer past January 31, 1997.

Please call me at my office or at home to discuss terms of the agreement. I will be traveling on Jan 31st but will be checking my voice mail.

Home (615) 754-8120

Office (615) 401-4354 w/Voice Mail

Sincerely,

*Joe A. Butler Jr.*

Joe A. Butler Jr.

Attachment

000386



CERTIFICATE OF SERVICE

I hereby certify that on June 2, 1999, a copy of the foregoing document was served on the parties of record, via the method indicated:

- ☒ Hand  
☐ Mail  
☐ Facsimile  
☐ Overnight

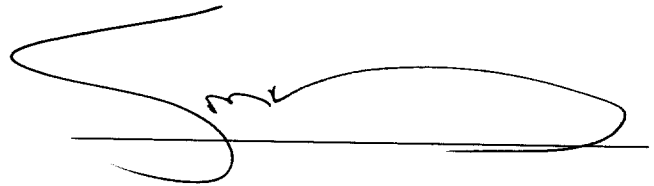
Richard Collier, Esquire  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0500

- ☐ Hand  
☐ Mail  
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Henry Walker, Esquire  
Boult, Cummings, et al.  
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☐ Overnight

Charles B. Welch, Esquire  
Farris, Mathews, et al.  
511 Union St., #2400  
Nashville, TN 37219

A handwritten signature in black ink, appearing to be "J. M. Farris", written over a horizontal line.